



TAKING ON RESPONSIBILITY

2018 Environmental Report



DEAR READERS

The main objective of our corporate Champion 2020 strategy is sustainable value creation through leadership and differentiation. We developed this sustainable value for all stakeholders according to our core purpose: "We build a better future". This entails a high sense of responsibility towards our team members, customers, partners and suppliers, society and – of course – also the environment.

Environmental protection is therefore an important part of our everyday business which affects product development as well as our operations. This is reflected in our code of conduct for our own employees, and also our suppliers.

Improving the environmental footprint of products, services and processes throughout the company is an integral part of our daily operations. Therefore, all of our development and manufacturing activities are certified according to the ISO 14001 environmental management system. Additionally, some Hilti plants have certified ISO 50001 energy management systems in place. This brochure provides an overview of all of our environmental activities.

Enjoy reading.



Christoph Loos
Chief Executive Officer



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MATERIALITY ANALYSIS

Environmental responsibility is a broad field with many opportunities and potential areas. To ensure that we tackle the most important topics, we take into account the views of both internal and external stakeholders of Hilti.

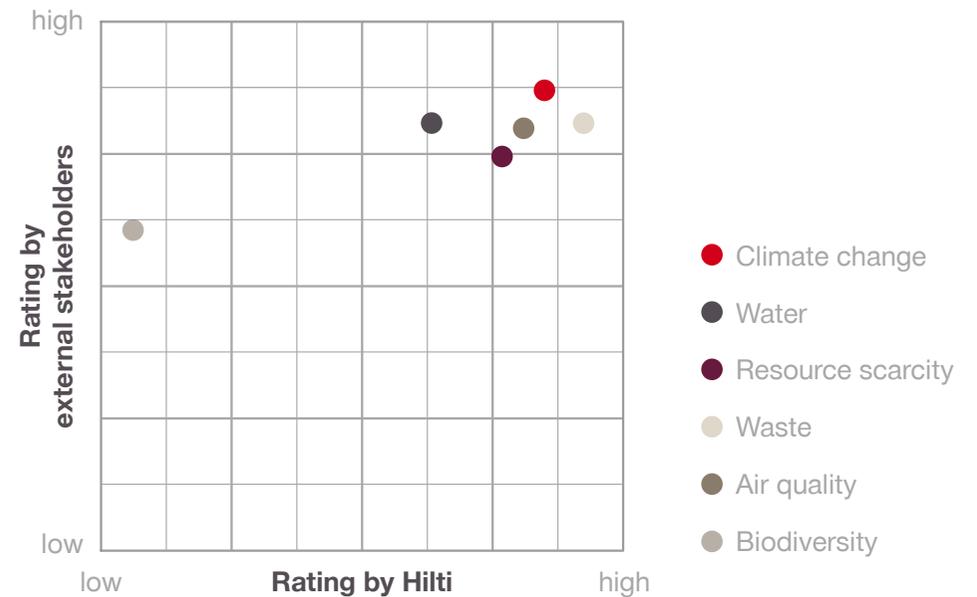
We interviewed Hilti stakeholders and made a study to reflect on the most material aspects, which resulted in a materiality matrix for Hilti. Our environmental activities are based on these results. Globally, the most important material aspects are:

- Climate change, of which 10% of global CO₂ emissions can be attributed to the construction industry
- Water
- Resource scarcity
- Waste

Details on these topics are provided in the following chapters.

Air emissions are a highly localised topic which are managed locally in the respective locations. A further local and less material-specific topic is biodiversity. As our land consumption is comparatively low and we are typically situated in industrial areas, this is not of global relevance.

TOPIC PRIORITIZATION



GREENHOUSE GAS EMISSIONS

Our management system focuses on sustainability and environmental protection along the entire value chain.

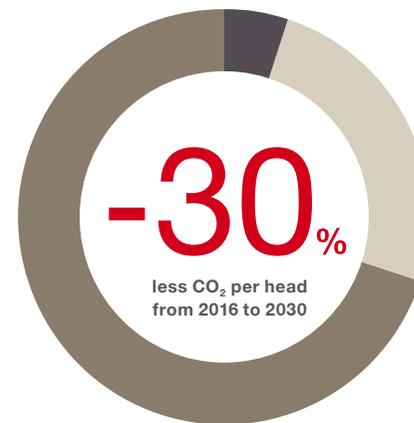
Our CO₂ strategy is to reduce the CO₂ intensity per employee by 30% between 2016 and 2030. The CO₂ emissions encompassed in the strategy are measured according to greenhouse gas protocol in three defined scopes:

- **Scope 1 emissions:** Direct CO₂ emissions from Hilti owned facilities or assets (by burning processes or released directly). These include owned global production facilities, warehouses, repair centers, and office locations, where e.g. gas is used for heating purposes.
- **Scope 2 emissions:** CO₂ is indirectly created in owned facilities by consumed energy, such as electricity, and calculated with CO₂ factors. These include owned global production facilities, warehouses, repair centers, as well as office locations, which encompass e.g. electricity and district heating.

- **Scope 3 emissions:** These emissions only need to be included voluntarily under the greenhouse gas protocol. While there is a multitude of Scope 3 emissions to choose from, Hilti encompasses those that are significant and which it has an influence on. These are the energy use in rented facilities (e.g. office warehouses, Hilti stores) and the fuel usage of our large car fleet.

CO₂ generation is a direct result of energy consumption. In general, we have three main options to reduce our carbon footprint:

1. **Hilti cars:** invest in energy-efficient cars and shift from combustion to electric vehicles in the mid-term
2. **Energy efficiency in production:** increase the energy productivity
3. **Usage of green energy**



- 5.2%
Scope 1 emissions
- 24.8%
Scope 2 emissions
- 70%
Scope 3 emissions

“All of our new product designs take into account the resources used and emissions generated throughout their entire life cycle, together with high health and safety standards for users.”

Jahangir (Jan) Doongaji, Hilti AG, Member of the Executive Board, Electric Tools and Group Research



ENERGY-EFFICIENT CARS

Cars are responsible for the most significant share of our greenhouse gas emissions. This is a result of our direct sales model with thousands of sales team members having over 200,000 customer contacts per day.



Cars are responsible for well over half of the CO₂ emissions in Hilti's corporate CO₂ footprint. We recognize our responsibility, even though the leased car fleet are Scope 3 emissions. Hilti has full control over which cars are used and can steer the CO₂ emissions with our choice of cars.

We therefore will add much more efficient electric cars to our portfolio in the coming years, with the aim of having 50% electric cars in our global car fleet by 2030, depending on car availability and infrastructure. Hilti has decided to move actively and apply the new technology early.

Current measures range from fuel caps for cars, over efficient routing software, to driver trainings. However, real step changes in driving emissions are not expected any more with combustion vehicles.

We are constantly in contact with research institutes, car manufacturers and leasing companies – pilot studies are in place already.

We are at the beginning of our journey to incorporate electric cars into our car fleet. A start has already been made on this in Sweden, where management cars have been replaced by hybrid or electric cars. Simultaneously, Hilti provided charging stations at Sweden's office locations. The Swedish market organization is strongly committed to moving over its whole car fleet to green modes of transport by 2030.



50%

Our aim: 50% electric cars in our global car fleet by 2030.

ENERGY-EFFICIENT PRODUCTION

In the mindset of continuous improvement we look at our energy consumption in great detail every year and define enhancement projects in our production facilities around the world.



New milling machine in our Kecskemét plant in Hungary uses 7% less energy than a comparable alternative.

A large number of projects with energy efficiency outcomes have taken place in our production plants. Altogether, these projects led to an energy efficiency gain (measured in kWh per machine hour) of over 8% which resulted in more than 1,500t of CO₂ savings.

Besides using energy-efficient equipment, we developed new production technologies to increase energy efficiency while not compromising on the high quality standards that we have. A prominent example is the production technology change of a machine in our plant in Schaan leading to savings comparable with the electricity demand of approximately 100 average 1-person households.

Within this project portfolio more than 20 energy saving focused projects took place, which resulted in 800 MWh of energy savings.



The change in the production technology for a consumable led to a dramatic decrease of energy consumption of more than 90%.



In our Thüringen plant in Austria, we upgraded the compressed air generation with state-of-the-art technology. This led to large savings in electricity and gas (by heat recovery).

21 → 800 MWh

energy saving projects

saved globally

more than

8%

energy productivity increase in our global manufacturing plants

1,500 tons

CO₂ saved

USE OF GREEN ENERGY

Energy savings and substitution by other technologies are two means of decreasing the CO₂ intensity of our business. Purchasing green energy is another lever for decreasing Hilti's emissions.



In addition to the use of production and infrastructure excess heat, our Kaufering site in Germany obtains its heat from the community of Kaufering: It is a power plant that generates the majority of its energy from wood chips. Compared to the usage of gas we save about 90% of the CO₂ emissions for heating at this location.

Purchasing and self-generation of green energy as well as energy recovery have a positive effect on Hilti's emissions. This can be done in different areas: For example, we source heat from a nearby biomass plant for one of our large manufacturing locations. Furthermore, we have energy sourcing contracts in place in some locations to source green electricity. This is the way we want to continue and step by step source larger shares of green energy for our global industrial sites. In addition, we have small-scale solar systems in multiple sites globally and use energy recovery systems as much as possible.

90%
less CO₂ emissions
for heating in our
Kaufering plant



“We focus on improving resource and energy efficiency in our plants, for example, by using environmentally friendly systems to regulate temperature, or renewable energy sources to provide power.”

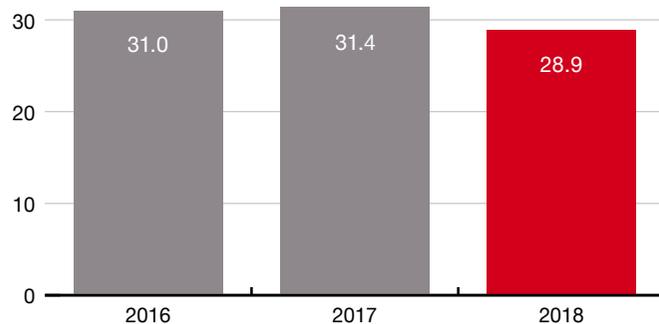
Stefan Nöken, Hilti AG, Member of the Executive Board,
Fastening Technology and Logistics

ENERGY AND CO₂ TREND

Our projects make an impact: Since 2016 – the beginning of our CO₂ strategy – we were able to improve the energy efficiency of our large production plants by 6.8% and decreased CO₂ emissions per employee by 8.1%.

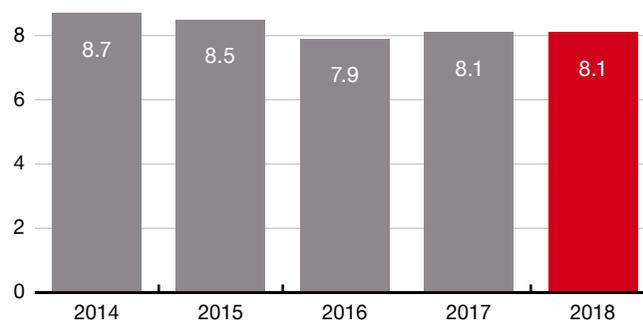


ENERGY CONSUMPTION IN LARGE PRODUCTION PLANTS



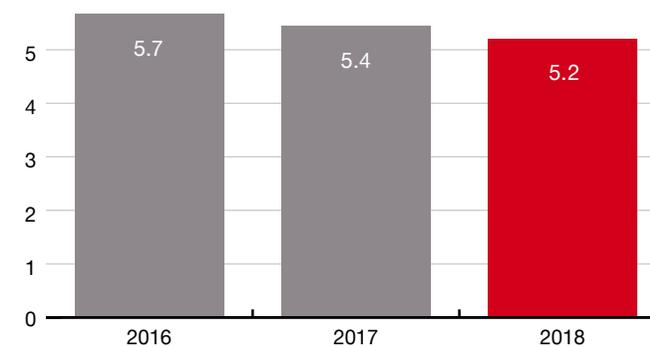
Values in kWh/machine hour

FUEL USAGE: LONG-TERM TREND



Values in l/100 km

CO₂ EMISSIONS PER EMPLOYEE



Values in tons

Key figures 2018

Total energy consumption	201,998 MWh
Total fuel usage	35,608,000 l

Total CO₂ emissions	151,180 t
Scope 1 CO₂ emissions	7,838 t

Scope 2 CO₂ emissions	37,463 t
Scope 3 CO₂ emissions	105,879 t

WATER CONSUMPTION

Hilti uses water in several industrial processes around the globe. Water is mostly used in different manufacturing processes.

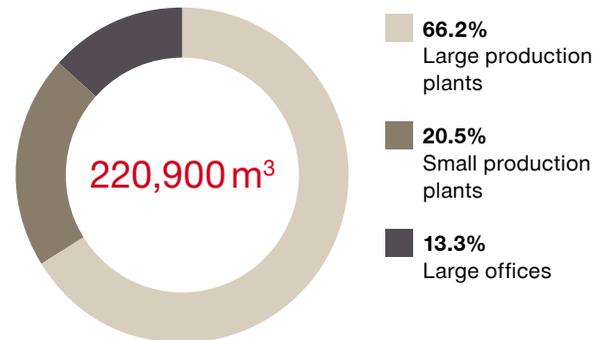


Water in general is a key topic and therefore also managed carefully in Hilti's environmental management framework. The majority of water use is in production plants where we have implemented a close monitoring and reporting system.

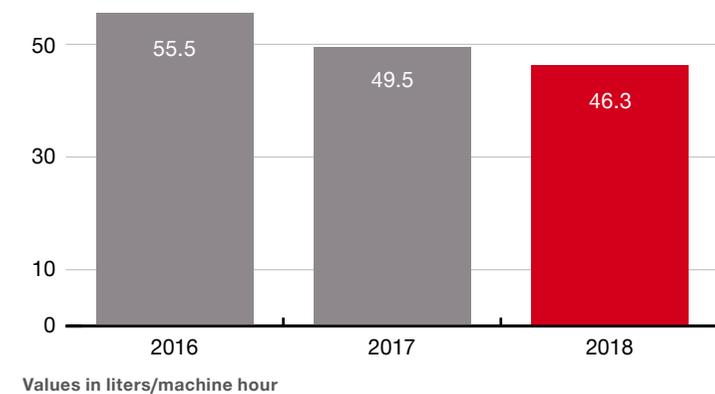
Water is a key aspect only in production plants and large office locations. We do not monitor water use in smaller locations as well as in logistics and repair centers where water is almost solely used for sanitary purposes.

Furthermore, with in-house water treatments in several production plants we ensure a high water quality of our effluents.

WATER CONSUMPTION BY CATEGORY



WATER CONSUMPTION IN LARGE PRODUCTION PLANTS



RESOURCE SCARCITY

Resource scarcity is more and more reflected in the topic of 'circular economy'. The key objective of circular economy is to keep materials in the production loop.



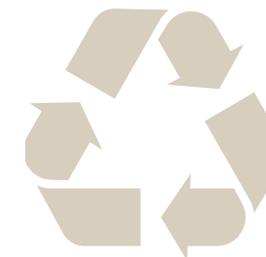
To implement a circular economy, it is important to reflect on reparability, durability, reuse and recycling in the development process where environmental topics are an integral part.

Reparability and durability are traditional values by which Hilti is recognized as a strong market player. We design our products to be long-lasting with high performance and long durability in mind. At the same time, we offer state-of-the-art and fast repair solutions for our tools. With that, Hilti already fulfills many aspects of a circular economy.

Furthermore, Hilti ensures a high circularity rate by carefully selecting raw materials, designing the products to be recyclable and using recycled materials wherever possible. The recyclability of all tools is analyzed and optimized before they enter the market. Because of our direct sales model we are also in the unique position to have high return rates and we ensure state-of-the-art recycling of the reclaimed tools with very high recycling rates.



Recycled materials are used for the black parts of the newly designed Hilti tool cases.



We ensure the recyclability of our products and packaging.

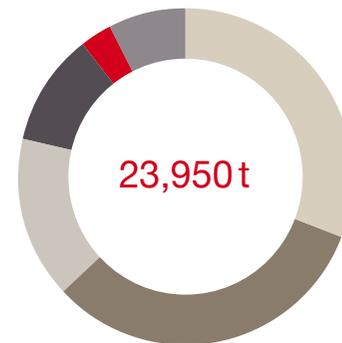
WASTE GENERATION

During the design process of our products we take into account how much waste is generated during production, use and also the end of life of the product. This is why eco-design is systematically integrated into our development processes.



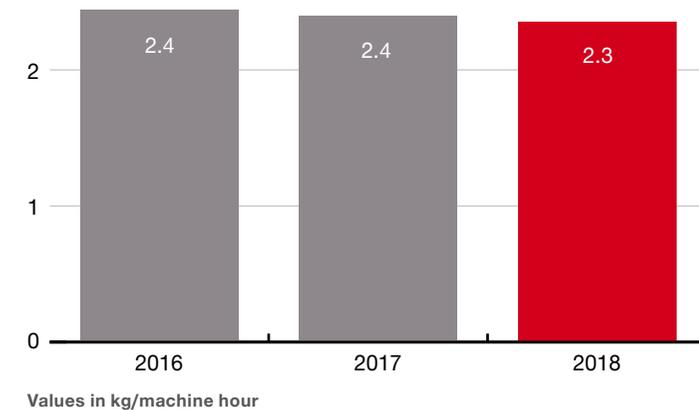
Our approach to cutting waste starts with implementing eco-design principles in our product development process. By carefully designing the products and choosing efficient production technologies, we reduce waste. For several production technologies and products it is possible to use production scraps directly in new products.

WASTE GENERATION BY CATEGORY



- 31.1% Large production plants
- 32.1% Concrete for testing
- 15.6% Repair services
- 10.7% Warehouses
- 3% Offices
- 7.5% Small production plants

WASTE GENERATION IN LARGE PRODUCTION PLANTS





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